

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-KSB

(Mark One)

☒ Annual report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended February 28, 2002.

☐ Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

SUNBURST ACQUISITIONS IV, INC.
(Exact name of registrant as specified in its charter)

Colorado	0-23561	84-1431797
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

2082 Cherry Street Denver, Colorado	80207
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (303) 321-0461

Securities to be registered under Section 12(b) of the Act:

Title of each class
N/A

Securities to be registered under Section 12(g) of the Act:

Common Stock
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the

Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☐

State issuer's revenue for its most recent fiscal year: \$ 0.

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked price of such stock, as of a specified date within the past 60 days (See definition of affiliate in Rule 12b-2): \$3,322,500 as of May 16, 2002.

Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

(Issuers involved in bankruptcy proceedings during the past five years):

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

(Applicable only to corporate registrants) State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 33,112,499 as of May 16, 2002.

(Documents incorporated by reference. If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g. Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Background

The Company was incorporated under the laws of the State of Colorado on August 27, 1997. It was formed to seek out and acquire business opportunities. In accordance with its business plan, the Company has engaged in two separate acquisition transactions which are described below. However, neither of these transactions has resulted in the acquisition of a viable operating business. As a result, as of the end of its fiscal year ending February 28, 2002, the Company remains in the development stage and is continuing to seek out business acquisition candidates.

There is no assurance as to when or whether the Company will find another business opportunity it may elect to pursue. The Company will continue to search for enterprises which have a desire to become a public corporation and which have a business plan designed to allow them to take advantage of opportunities available to public entities. This includes entities which have been recently organized, with no operating history, or a history of losses attributable to under-capitalization or other factors, entities in need of funds to develop a new product or service or to expand into a new market, entities which desire to use their securities to make acquisitions, and entities which have a combination of these characteristics.

In searching for investment opportunities, the Company will not be restricted to any particular geographical area or industry. Therefore, subject to economic conditions, limitations on its ability to locate available business opportunities, and other factors, the Company has substantial discretion in selecting an appropriate business opportunity, and will continue to have such discretion in the future.

In connection with any acquisition, it is highly likely that an amount of stock constituting control of the Company would be issued by the Company or purchased from the Company's current principal shareholders by the target entity or its controlling shareholders.

Prologic Systems, Inc.

In August 1999, the Company invested \$1,000,000 in Prologic Systems, Inc., an Arizona corporation engaged in the business of providing systems integration services, networking services, software development and applications software for the commercial market. The investment in Prologic was made in anticipation of a business combination with that company and as part of that transaction, the Company acquired 3,459,972 shares of Prologic. However, the agreement to complete a business combination with Prologic was terminated prior to its consummation, and in March, 2000, the Company charged off its investment to operations.

In January, 2001, the Company entered into an agreement with Prologic to recover a portion of its investment. Pursuant to that agreement, on February 16, 2001, the Company completed the sale of 2,859,972 shares of stock in Prologic to Prologic, or its designees, for a total sales price of \$400,000. The sales price was paid \$325,000 in cash at closing and \$75,000 through Prologic's execution of a promissory note. The promissory note bears interest at the rate of 10% per annum and requires payments of \$25,000 principal, plus accrued interest, on each of April 12, 2001, July 12, 2001 and October 12, 2001. Thus far, no payments have been received by the Company.

The Company retained ownership of a total of 600,000 shares of Prologic, which it has subsequently sold. See "Plan of Operations" below. Such shares were "restricted securities" as defined in Rule 144 under the Securities Act of 1933. The terms of the agreement with Prologic required them to file a registration statement in order to register the Company's shares for resale. This registration statement was not filed, and the shares were sold in accordance with the provisions of Rule 144(k).

HollywoodBroadcasting.com

On December 4, 2000, the Company completed the closing under an Agreement for Share Exchange between it and HollywoodBroadcasting.com, Inc., a Nevada corporation ("HB.C"). As a result of that closing, HB.C became a wholly-owned subsidiary of the Company.

HB.C is a development stage company formed for the purpose of developing and producing original entertainment and information programming for various media including domestic and foreign broadcast, cable and satellite television, home video, DVD sales and rentals and the Internet. The primary focus of HB.C was intended to be development and production (or acquisition) of original entertainment and information programs for webcasting over the Internet from its HollywoodBroadcasting.com website.

HB.C and other content providers relied upon the availability of the specified revenue streams as the platform for their business model. The Company was not able to generate significant revenues from any of the sources it relied upon in establishing its business model, and it is now apparent that the model was based on false assumptions. On September 28, 2001, the Company completed the sale of its wholly owned subsidiary Hollywoodbroadcasting.com for \$1,000 in cash. The Company has begun the process of seeking out potential opportunities in other unrelated areas of business.

Investigation and Selection of Business Opportunities

The analysis of business opportunities is expected to be undertaken by or under the supervision of the Company's executive officers and directors. Although there are no current plans to do so, Company management might hire an outside consultant to assist in the investigation and selection of business opportunities, and in that event, might pay a finder's fee. Since Company management has no

current plans to use any outside consultants or advisors to assist in the investigation and selection of business opportunities, no policies have been adopted regarding use of such consultants or advisors, the criteria to be used in selecting such consultants or advisors, the services to be provided, the term of service, or regarding the total amount of fees that may be paid. However, because of the limited resources of the Company, it is likely that any such fee the Company agrees to pay would be paid in stock and not in cash.

To the extent that the analysis and evaluation of business opportunities is undertaken by Company management, it is anticipated that among other things, the following factors will be considered:

- (a) Potential for growth and profitability, indicated by new technology, anticipated market expansion, or new products;
- (b) Competitive position as compared to other companies of similar size and experience within the industry segment as well as within the industry as a whole;
- (c) Strength and diversity of existing management, or management prospects that are scheduled for recruitment;
- (d) Capital requirements and anticipated availability of required funds, to be provided from operations, through the sale of additional securities, through joint ventures or similar arrangements, or from other sources;
- (e) The cost of participation by the Company as compared to the perceived tangible and intangible values and potential;
- (f) The extent to which the business opportunity can be advanced;
- (g) The Company's perception of how any particular business opportunity will be received by the investment community and by the Company's stockholders;
- (h) The accessibility of required management expertise, personnel, raw materials, services, professional assistance, and other required items; and
- (i) Whether the financial condition of the business opportunity would be, or would have a significant prospect in the foreseeable future to become, such as to permit the securities of the Company, following the business combination, to qualify to be listed on an exchange or on a national automated securities quotation system, such as NASDAQ, so as to permit the trading of such securities to be exempt from the requirements of Rule 15c2-6 recently adopted by the Securities and Exchange Commission. See "Risk Factors - The Company - Regulation of Penny Stocks."

In regard to the last criterion listed above, the current standards for NASDAQ listing include, among other things, the requirements that the issuer of the securities that are sought to be listed have stockholders' equity of at least \$5,000,000, or a market capitalization of at least \$50,000,000, or net income in its latest fiscal year of not less than \$750,000. Many, and perhaps most, of the business opportunities that might be potential candidates for a combination with the Company would not satisfy the NASDAQ listing criteria. To the extent that the Company seeks potential NASDAQ listing, therefore, the range of business opportunities that are available for evaluation and potential acquisition by the Company would be significantly limited.

In applying the criteria listed above, no one of which will be controlling, management will attempt to analyze all factors appropriate to the opportunity and make a determination based upon reasonable investigative measures and available data. Potentially available business opportunities may occur in many different industries and at various stages of development, all of which will make the task of comparative investigation and analysis of such business opportunities extremely difficult and complex. Potential investors must recognize that, because of the Company's limited capital available for investigation and management's limited experience in business analysis, the Company may not discover or adequately evaluate adverse facts about the opportunity to be acquired.

Prior to making a decision to participate in a business opportunity, the Company will generally request that it be provided with written materials regarding the business opportunity containing such items as a description of products, services and company history; management resumes; financial information; available projections, with related assumptions upon which they are based; an explanation of proprietary products and services; evidence of existing patents, trademarks, or services marks, or rights thereto; present and proposed forms of compensation to management; a description of transactions between such company and its affiliates during relevant periods; a description of present and required facilities; an analysis of risks and competitive conditions; a financial plan of operation and estimated capital requirements; audited financial statements or an indication that audited statements will be available within sixty (60) days following completion of a merger transaction; and other information deemed relevant.

As part of the Company's investigation, the Company's executive officers and directors may meet personally with management and key personnel, may visit and inspect material facilities, obtain independent analysis or verification of certain information provided, check references of management and key personnel, and take other reasonable investigative measures, to the extent of the Company's limited financial resources and management expertise.

Company management believes that various types of potential merger or acquisition candidates might find a business combination with the Company to be attractive. These include acquisition candidates desiring to create a public market for their shares in order to enhance liquidity for current shareholders, acquisition candidates which have long-term plans for raising equity capital through the

public sale of securities and believe that the possible prior existence of a public market for their securities would be beneficial, and acquisition candidates which plan to acquire additional assets through issuance of securities rather than for cash, and believe that the possibility of development of a public market for their securities will be assistance in that process. Acquisition candidates which have a need for an immediate substantial cash infusion are not likely to find a potential business combination with the Company to be an attractive alternative unless they are able to negotiate separate arrangements with third parties to raise capital in conjunction with the business combination transaction.

It is emphasized that management of the Company may effect transactions having a potentially adverse impact upon the Company's shareholders pursuant to the authority and discretion of the Company's management to complete acquisitions without submitting any proposal to the stockholders for their consideration. Company management does not generally anticipate that it will provide holders of the Company's securities with financial statements, or any other documentation, concerning a target company or its business prior to any merger or acquisition. In some instances, however, the proposed participation in a business opportunity may be submitted to the stockholders for their consideration, either voluntarily by Company management which elects to seek the stockholders' advice and consent, or because state law so requires.

Form of Acquisition

It is impossible to predict the manner in which the Company may participate in a business opportunity. Specific business opportunities will be reviewed as well as the respective needs and desires of the Company and the promoters of the opportunity and, upon the basis of that review and the relative negotiating strength of the Company and such promoters, the legal structure or method deemed by management to be suitable will be selected. Implementing such structure may require the merger, consolidation or reorganization of the Company with other corporations or forms of business organization. In addition, the present management and stockholders of the Company most likely will not have control of a majority of the voting shares of the Company following a reorganization transaction. As part of such a transaction, the Company's directors may resign and new directors may be appointed without any vote by stockholders.

It is likely that the Company will acquire its participation in a business opportunity through the issuance of Common Stock or other securities of the Company. Although the terms of any such transaction cannot be predicted, it should be noted that in certain circumstances the criteria for determining whether or not an acquisition is a so-called "tax free" reorganization under the Internal Revenue Code of 1986, depends upon the issuance to the stockholders of the acquired company of up to 80% of the common stock of the combined entities immediately following the reorganization. If a transaction were structured to take advantage of these provisions rather than other "tax free" provisions provided under the Internal Revenue Code, the Company's stockholders in such circumstances would retain in the aggregate 20% or less of the total issued and outstanding shares. This could result in substantial additional dilution in the equity of those who were stockholders of the Company prior to

such reorganization. Any such issuance of additional shares might also be done simultaneously with a sale or transfer of shares representing a controlling interest in the Company by the current officers, directors and principal shareholders.

It is anticipated that any securities issued in any reorganization would be issued in reliance upon exemptions, if any are available, from registration under applicable federal and state securities laws. In some circumstances, however, as a negotiated element of the transaction, the Company may agree to register such securities either at the time the transaction is consummated, or under certain conditions or at specified times thereafter. The issuance of substantial additional securities and their potential sale into any trading market that might develop in the Company's securities may have a depressive effect upon such market.

The Company will participate in a business opportunity only after the negotiation and execution of a written agreement. Although the terms of such agreement cannot be predicted, generally such an agreement would require specific representations and warranties by all of the parties thereto, specify certain events of default, detail the terms of closing and the conditions which must be satisfied by each of the parties thereto prior to such closing, outline the manner of bearing costs if the transaction is not closed, set forth remedies upon default, and include miscellaneous other terms.

As a general matter, the Company anticipates that it will enter into a letter of intent with the management, principals or owners of a prospective business opportunity prior to signing a binding agreement. Such a letter of intent will set forth the terms of the proposed acquisition but will not bind either the Company or the business opportunity to consummate the transaction. Execution of a letter of intent will by no means indicate that consummation of an acquisition is probable. Neither the Company nor the business opportunity will be bound to consummate the acquisition unless and until a definitive agreement concerning the acquisition as described in the preceding paragraph is executed. Even after a definitive agreement is executed, it is possible that the acquisition would not be consummated should either party elect to exercise any right provided in the agreement to terminate it on specified grounds.

Competition

The Company expects to encounter substantial competition in its efforts to locate attractive acquisition candidates, primarily from business development companies, venture capital partnerships and corporations, venture capital affiliates of large industrial and financial companies, small investment companies, and wealthy individuals. Many of these entities will have significantly greater experience, resources and managerial capabilities than the Company and will therefore be in a better position than the Company to obtain access to attractive business opportunities. The Company also will experience competition from other public "blind pool" companies, many of which may have more funds available than does the Company.

Administrative Offices

The Company currently maintains a mailing address at 2082 Cherry Street Denver, Colorado 80207. Its telephone number at that address is (303) 321-0461. The Company pays no rent or other fees for the use of this mailing address.

Employees

The Company is a development stage company and currently has no employees. Management of the Company expects to use consultants, attorneys and accountants as necessary, and does not anticipate a need to engage any full-time employees so long as it is seeking and evaluating business opportunities. The need for employees and their availability will be addressed in connection with the decision whether or not to acquire or participate in specific business opportunities. No remuneration will be paid to the Company's officers except as set forth under "Executive Compensation" and under "Certain Relationships and Related Transactions."

Distribution Agreement

On February 27, 2002, the Company signed a Distribution Agreement with 1357784 Ontario, Ltd. ("EPI") of Toronto, Ontario, Canada pursuant to which the Company was appointed as the exclusive worldwide distributor to the hydroponics industry of a digital electronic lighting ballast for HID and sodium lights. The ballasts are to be manufactured by Romlight International, Inc., which has offices in Christ Church Barbados, West Indies.

The ballast to be manufactured by Romlight International, Inc. is a new product which has been researched and developed over the last 4 years. The Company believes it offers many advantages over existing ballasts because it is smaller, dimmable and easy to install, and because it offers significant energy savings.

Subsequent to the end of the fiscal year the Company advanced a deposit in the amount of \$50,000 CAD (approximately \$32,100 US) which will be applied toward the purchase of the first 25,000 units by the Company. The initial purchase price per unit is \$150 CAD.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. Except for historical matters, the matters discussed in this Form 10-KSB are forward-looking statements based on current expectations, and involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements under the following headings:

(i) "Description of Business - General" - the general description of the Company's plan to seek a merger or acquisition candidate, and the types of business opportunities that may be pursued.

(ii) "Description of Business - Investigation and Selection of Business Opportunities" - the steps which may be taken to investigate prospective business opportunities, and the factors which may be used in selecting a business opportunity.

(iii) "Description of Business - Form of Acquisition" - the manner in which the Company may participate in a business acquisition.

The Company wishes to caution the reader that there are many uncertainties and unknown factors which could affect its ability to carry out its business plan in the manner described herein.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company currently maintains a mailing address at 2082 Cherry Street, Denver, Colorado. The Company pays no rent for use of this mailing address, and does not anticipate the need for maintaining a separate office until it has completed a business combination transaction.

The Company currently has no investments in real estate, real estate mortgages, or real estate securities, and does not anticipate making any such investments in the future. However, the policy of the Company with respect to investment in real estate assets could be changed in the future without a vote of security holders.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not a party to any pending legal proceedings, and, as of the end of its fiscal year ending February 28, 2002, no such proceedings are known to be contemplated. No director, officer or affiliate of the Company, and no owner of record or beneficial owner of more than 5.0% of the securities of the Company, or any associate of any such director, officer or security holder is a party adverse to the Company or has a material interest adverse to the Company in reference to pending litigation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

An Annual Meeting of the Shareholders was held on December 10, 2001. The shareholders were asked to vote on the election of the Board of Directors to amend the Company's Articles of Incorporation to increase the authorized Common Stock from 100,000,000 to 200,000,000 shares, to ratify the appointment of the Company's auditors, and to vote to approve the Stock Option Plan approved by the Board of Directors and recommended for adoption. All matters were voted for.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is currently traded on the Over the Counter, Bulletin Board under the symbol "SBAQ." The following table sets forth the Company's high and low closing prices for the Company's common stock as reported on the Bulletin Board for the periods indicated.

<u>Fiscal Year 2001</u>	<u>High</u>	<u>Low</u>
First Quarter	\$0.15	\$0.04
Second Quarter	\$0.11	\$0.04
Third Quarter	\$0.09	\$0.035
Fourth Quarter	\$0.12	\$0.035

<u>Fiscal Year 2002</u>	<u>High</u>	<u>Low</u>
First Quarter	\$0.32	\$0.06
Second Quarter	\$0.29	\$0.17

The closing bid price of the Company's common stock as reported on the Over the Counter, Bulletin Board on May 15, 2002, was \$0.18 per share. The prices presented are bid prices which represent prices between broker-dealers and don't include retail mark-ups and mark-downs or any commission to the dealer. The prices may not reflect actual transactions.

As of May 1, 2002, there were approximately 172 stockholders of record of the Company's common stock.

There have been no cash dividends declared or paid on the shares of common stock, and management does not anticipate payment of dividends in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

SPECIAL NOTE OF CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report, including statements in the following discussion which are not

statements of historical fact, are what are known as “forward looking statements,” which are basically statements about the future. For that reason, these statements involve risk and uncertainty since no one can accurately predict the future. Words such as “plans,” “intends,” “will,” “hopes,” “seeks,” “anticipates,” “expects” and the like often identify such forward looking statements, but are not the only indication that a statement is a forward looking statement. Such forward looking statements include statements concerning our plans and objectives with respect to the present and future operations of the Company, and statements which express or imply that such present and future operations will or may produce revenues, income or profits. Numerous factors and future events could cause the Company to change such plans and objectives or fail to successfully implement such plans or achieve such objectives, or cause such present and future operations to fail to produce revenues, income or profits. Therefore, the reader is advised that the following discussion should be considered in light of the discussion of risks and other factors contained in this report on Form 10KSB and in the Company’s other filings with the Securities and Exchange Commission. No statements contained in the following discussion should be construed as a guarantee or assurance of future performance or future results.

Liquidity and Capital Resources

The Company remains in the development stage. Since inception it has undergone two unsuccessful business combinations which have caused it to incur significant liabilities and have resulted in the accumulation of a substantial deficit during the development stage. As of February 28, 2002, the Company has current assets of \$83,231 and current liabilities of \$117,478 resulting in a current ratio of 0.71.

The Company does not currently have the funds necessary to enable it to carry out its business plan. It will need to raise additional capital to pay expenses associated with compliance with its reporting obligations under the Securities Exchange Act of 1934 and to fund its planned efforts related to investigating the potential acquisition of or combination with an operating entity for which the Company’s status as a reporting company under the Securities Exchange Act of 1934 is deemed valuable.

Plan of Operations

The Company’s plan of operations is to reduce its operating expenses to the lowest amount necessary to enable it to continue to comply with its reporting obligations under the Securities Exchange Act of 1934, and to engage in activities associated with locating and evaluating acquisition candidates. In the event the Company is able to locate a suitable acquisition candidate it plans to proceed with the acquisition as quickly as reasonably possible.

Unless and until a business combination is completed with an acquisition candidate, the Company does not expect to generate revenues. In fact, the Company may also continue to operate at a loss even after completing a business combination, depending upon the performance of the acquired business. Therefore, the Company anticipates that it will continue to incur losses for the current fiscal

year.

As a result of the anticipated losses for the fiscal year, the Company will require additional capital in order to meet its cash needs including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended.

The Company anticipates that some portion of the funds it will require for payment of on-going expenses may come from payments due under the promissory note it received from Prologic in conjunction with sale of Prologic shares. On February 16, 2001, the Company completed the sale of 2,859,972 shares of stock in Prologic Management Systems, Inc., an Arizona corporation ("Prologic"), to Prologic, or its designees, for a total sales price of \$400,000, or approximately \$0.1399 per share. The sale was completed pursuant to the terms of a Settlement Agreement and Release, dated January 26, 2001.

The sales price was paid \$325,000 in cash at closing and \$75,000 through Prologic's execution of a promissory note. The promissory note bears interest at the rate of 10% per annum and requires payments of \$25,000 each on both the principal and interest, as of April 12, 2001, July 12, 2001, and October 12, 2001. No payments have been made to date.

Subsequent to the end of the fiscal year, the Company netted \$69,892.63 from the first quarter sale of all of its remaining 600,000 shares in Prologic.

On February 27, 2002, the Company signed an agreement with EPI, Ltd. of Toronto, Ontario, Canada, under which the Company will become the sole distributor worldwide to the Hydroponics Industry of a digital electronic lighting ballast for HID and sodium lights. Subsequent to the end of the fiscal year, a \$50,000 deposit was advanced for the first order of 25,000 units by the Company. Sunburst has incorporated a wholly-owned subsidiary, Sunburst Digital, Inc. to be the operating entity in Canada.

Other than the potential for, and actual sources of, funds described above, no specific commitments to provide additional funds have been made by management or other stockholders, and the Company has no current plans, proposals, arrangements or understandings with respect to the sale or issuance of additional securities prior to the location of a merger or acquisition candidate. Accordingly, there can be no assurance that any additional funds will be available to the Company to allow it to cover its expenses.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

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Report of Independent Accountants

Balance Sheet

Statements of Operations

Statements of Cash Flows

Statement of Stockholders' Deficit

Notes to Financial Statements

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders of
Sunburst Acquisitions IV, Inc.

We have audited the accompanying balance sheet of Sunburst Acquisitions IV, Inc. (a development stage company) as of February 28, 2002, and the related statements of operations, stockholders' equity, and cash flows for the year ended February 28, 2002, for the year ended February 28, 2001 and for the period from August 27, 1997 (inception) through February 28, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunburst Acquisitions IV, Inc. as of February 28, 2002, and the results of its operations and cash flows for the year ended February 28, 2002, for the year ended February 28, 2001 and for the period from inception (August 27, 1997) to February 28, 2002 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6 to the financial statements, the Company has sustained operating losses since its inception and has deficits in working capital and equity which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 6. The financial statements do not include any adjustments related to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

Denver, Colorado
March 19, 2002

Comiskey & Co.
PROFESSIONAL CORPORATION

Certified Public Accountants & Consultants
789 Sherman Street, Suite 440, Denver, CO 80203

Sunburst Acquisitions IV, Inc.
(a Development Stage Company)
BALANCE SHEET
February 28, 2002

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 460
Notes receivable	75,000
Other current assets	<u>7,771</u>

Total current assets	<u>83,231</u>
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TOTAL ASSETS	<u><u>\$ 83,231</u></u>
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**LIABILITIES AND
STOCKHOLDERS' DEFICIT**

CURRENT LIABILITIES

Accounts payable	\$ 8,514
Accrued interest	8,964
Notes payable - related parties	<u>100,000</u>

Total current liabilities	<u>117,478</u>
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STOCKHOLDERS' DEFICIT

Preferred stock, no par value; 20,000,000 shares authorized; no shares issued and outstanding	-
Common stock, no par value; 200,000,000 shares authorized; 32,112,499 shares issued and outstanding	1,411,417
Deficit accumulated during the development stage	<u>(1,445,664)</u>

(34,247)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u><u>\$ 83,231</u></u>
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The accompanying notes are an integral part of the financial statements.

Sunburst Acquisitions IV, Inc.
(a Development Stage Company)
STATEMENTS OF OPERATIONS

	For the period from inception (August 27, 1997) to February 28, <u>2002</u>	For the year ended February 28, <u>2002</u>	<u>2001</u>
REVENUES	\$ 208,235	\$ -	\$ -
EXPENSES			
Selling, general and administrative	<u>798,786</u>	<u>70,770</u>	<u>-</u>
Total expenses	798,786	70,770	-
NET OPERATING LOSS	(590,551)	(70,770)	-
OTHER INCOME AND EXPENSE			
Interest expense	(33,892)	(6,090)	-
Gain on sale of securities	<u>400,000</u>	<u>-</u>	<u>-</u>
NET LOSS FROM CONTINUING OPERATIONS	<u>(224,443)</u>	<u>(76,860)</u>	<u>-</u>
DISCONTINUED OPERATIONS:			
Loss from operations of Hollywoodbroadcasting.com disposed of (net of income taxes of \$0)	(2,066,371)	(46,940)	(2,012,364)
Gain on disposition of discontinued operations (net of income taxes of \$0)	<u>845,150</u>	<u>845,150</u>	<u>-</u>
	<u>(1,221,221)</u>	<u>798,210</u>	<u>(2,012,364)</u>
NET INCOME (LOSS)	(1,445,664)	721,350	(2,012,364)
Accumulated deficit			
Balance, beginning of period	<u>-</u>	<u>(2,167,014)</u>	<u>(154,650)</u>
Balance, end of period	<u>\$ (1,445,664)</u>	<u>\$ (1,445,664)</u>	<u>\$ (2,167,014)</u>

NET INCOME (LOSS) PER SHARE

Loss from continuing operations	\$ (0.01)	\$ -	\$ -
Loss from discontinued operations	(0.06)	-	(0.06)
Gain on disposal of discontinued operations	<u>0.03</u>	<u>0.03</u>	<u>-</u>
Net income (loss)	<u>\$ (0.04)</u>	<u>\$ 0.02</u>	<u>\$ (0.06)</u>

**WEIGHTED AVERAGE NUMBER OF SHARES OF
COMMON STOCK AND COMMON STOCK
EQUIVALENTS OUTSTANDING**

<u>33,174,578</u>	<u>32,183,073</u>	<u>32,206,172</u>
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The accompanying notes are an integral part of the financial statements.

Sunburst Acquisitions IV, Inc
(a Development Stage Company)
STATEMENTS OF CASH FLOWS

	For the period from inception (August 27, 1997) to February 28, <u>2002</u>	For the year ended February 28, <u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net gain (loss)	\$ (1,445,664)	\$ 721,350	\$ (2,012,364)
Adjustments to reconcile net gain (loss) to net cash flows from operating activities:			
Gain on sale of securities	(400,000)	-	-
Depreciation	52,332	17,449	32,801
Discontinued operations	(846,150)	(846,150)	-
Increase in inventory	(57,705)	-	(57,705)
Increase in other assets	(483,028)	(386)	(478,265)
Decrease in prepaid expense	-	-	90,077
Increase in deferred revenue	-	-	20,000
Increase in accounts receivable	(8,138)	(7,771)	(3,971)
Increase in accrued expenses	143,327	26,915	89,706
Increase (decrease) in accounts payable	<u>127,408</u>	<u>(3,379)</u>	<u>161,192</u>
Net cash flows from operating activities	(2,917,618)	(91,972)	(2,158,529)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of securities	325,000	-	-
Purchase of property and equipment	<u>(208,585)</u>	<u>-</u>	<u>(159,258)</u>
Net cash flows from investing activities	116,415	-	(159,258)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of sale of discontinued operations	1,000	1,000	-
Related party debt	740,556	(500)	1,618,415
Proceeds from notes payable to stockholders	548,191	-	395,020

Proceeds from notes payable	100,500	-	270,000
Issuance of common stock	<u>1,411,416</u>	<u>66,300</u>	<u>-</u>
Net cash flows from financing activities	<u>2,801,663</u>	<u>66,800</u>	<u>2,283,435</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	460	(25,172)	(34,352)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>-</u>	<u>25,632</u>	<u>59,984</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 460</u>	<u>\$ 460</u>	<u>\$ 25,632</u>

The accompanying notes are an integral part of the financial statements.

Sunburst Acquisitions IV, Inc.
(a Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
For the period from inception (August 27, 1997) to February 28, 2002

	<u>Common stock</u>		<u>Additional</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number of</u>	<u>Amount</u>	<u>paid-in</u>	<u>accumulated</u>	<u>stockholders'</u>
	<u>shares</u>		<u>capital</u>	<u>during the</u>	<u>equity</u>
				<u>development</u>	
				<u>stage</u>	
Common stock issued for cash					
April 1999	15,000,000	\$ 15,000	\$ -	\$ -	\$ 15,000
May 1999	15,000,000	15,000	-		15,000
July 1999	2,500,000	2,500	22,500		25,000
August 1999	1,500,000	1,500	13,500		15,000
September 1999	136,667	137	81,863		82,000
October 1999	100,000	100	59,900		60,000
November 1999	376,667	377	225,623		226,000
December 1999	546,667	547	327,453		328,000
January 2000	521,667	522	312,478		313,000
February 2000	150,000	150	89,850		90,000
Net loss for the period ended					
February 29, 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>(536,237)</u>	<u>(536,237)</u>
Balance, February 29, 2000	35,831,668	35,833	1,133,167	(536,237)	632,763
Recapitalization of					
Hollywoodbroadcasting.com					
December 4, 2000	9,070,831	1,309,283	(1,133,167)		176,116
Net loss for the year ended					
February 28, 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,630,777)</u>	<u>(1,630,777)</u>
Balance, February 28, 2001	44,902,499	1,345,116	-	(2,167,014)	(821,898)
Cancellation of shares					
December 4, 2000	(15,000,000)				-

Common stock issued for cash

June 2001	235,000	7,050	-		7,050
July 2001	945,000	28,351	-		28,351
August 2001	350,000	10,500	-		10,500
September 2001	350,000	10,500	-		10,500
October 2001	330,000	9,900	-		9,900
Net gain for the year ended					
February 28, 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>721,350</u>	<u>721,350</u>
Balance, February 28, 2001	<u>32,112,499</u>	<u>\$ 1,411,417</u>	<u>\$ -</u>	<u>\$ (1,445,664)</u>	<u>\$ (34,247)</u>

The accompanying notes are an integral part of the financial statements.

Sunburst Acquisitions IV, Inc.
(a Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
February 28, 2002

1. Summary of Significant Accounting Policies

Development Stage Activities and Basis of Presentation

Sunburst Acquisitions IV, Inc. (a development stage company) (the "Company") was formed to seek out and acquire business opportunities. In August 1999, Sunburst IV invested \$1,000,000 in Prologic Systems, Inc., an Arizona corporation in the software industry, in anticipation of a business combination with that company. The agreement to acquire Prologic was terminated prior to its consummation, and Sunburst IV charged off the investment to operations in March of 2000. Since that time, the Company has entered into an agreement with Prologic to recover a portion of its investment, and to date has received \$325,000 in funds related thereto. (See Note 5).

In December 2000, the Company acquired all of the issued and outstanding common stock of HollywoodBroadcasting.com ("HBC") in exchange for 35,831,668 shares of Sunburst IV stock in a transaction accounted for as a recapitalization of HBC. HBC was incorporated under the laws of the State of Nevada on March 19, 1999. It was created to provide live, daily, interactive programming for the internet. On September 28, 2001, the Company completed the sale of its wholly owned subsidiary Hollywoodbroadcasting.com for \$1,000 in cash. (See Note 8).

On February 27, 2002 the Company signed an agreement with 1357784 Ontario Ltd. ("EPI") to distribute 1000-watt ballast. (See Note 7).

The Company is a new enterprise in the development stage as defined by Statement No. 7 of the Financial Accounting Standards Board, since it has derived only minimal revenues from its activities to date.

Accounting Method

The Company records income and expenses on the accrual method.

Fiscal Year

The fiscal year of the Company is February 28.

Financial Instruments

Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amount.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Loss per share

Loss per share has been calculated based upon the weighted average shares outstanding.

Use of Estimates

The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that effect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Consideration of Other Comprehensive Income Items

SFAS No. 130 - Reporting Comprehensive Income, requires companies to present comprehensive income (consisting primarily of net income plus other direct equity changes and credits) and its components as part of the basic financial statements. For the period ended February 28, 2002, the Company's financial statements do not contain any changes in equity that are required to be reported separately in comprehensive income.

Stock-Based Compensation

SFAS No. 123 - Accounting for Stock-Based Compensation allows companies to choose whether to account for stock-based compensation under the method prescribed in Accounting Principles Board Opinion No. 25 ("APB 25") or use the fair value method described in SFAS No. 123. The Company continues to follow the accounting measurement provisions of APB 25 and implements the disclosure provisions of SFAS 123.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109 - Accounting for Income Taxes. Deferred tax assets and liabilities are recognized with respect to the tax consequences attributable to differences between the financial statement carrying values and tax basis of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. Further, the effect on deferred tax assets and liabilities of changes in tax rates is recognized in income in the period that includes the enactment date.

2. Stockholders' Equity

The Company is authorized to issue 10,000,000 shares of preferred stock. The Company's Board of Directors is authorized to divide the preferred stock into series and, with respect to each series, to determine the preferences and rights and the qualifications, limitations or restrictions thereof, including the dividend rights, conversion rights, voting rights, redemption rights and terms, liquidation preferences,

sinking fund provisions, the number of shares constituting the series and the designations of such series. The Board of Directors could, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting rights of the holders of common stock which issuance could have certain anti-takeover effects.

3. Related Party Transactions

As of February 28, 2002 the Company had notes payable to related entities in the amount of \$100,000. Interest on these notes has been imputed at a rate of 6.09% and totaled \$ 8,964.

4. Income Taxes

A deferred tax asset of \$578,000 at February 28, 2002 relates to net operating losses and deductible temporary differences due to development stage costs. Management does not consider it more likely than not that the deferred tax asset will be realized. Therefore, a full valuation allowance has been established against the deferred tax asset. The valuation allowance decreased by \$319,000 from the prior year. This was the result of the utilization of \$721,350 in net operating losses in the current period. The net operating losses will expire in 2020.

5. Investment in Prologic Management Systems, Inc.

On February 16, 2001, the Company completed the sale of 2,859,972 shares of stock in Prologic Management Systems, Inc., an Arizona corporation ("Prologic"), to Prologic, or its designees, for a total sales price of \$400,000, or approximately \$0.1399 per share. The sale was completed pursuant to the terms of a Settlement Agreement and Release, dated January 26, 2001. This investment had been charged to operations in August 2000 by Sunburst Acquisitions IV, Inc.

The sales price was paid \$325,000 in cash at closing and \$75,000 through Prologic's execution of a promissory note. The promissory note bears interest at the rate of 10% per annum and requires payments of \$25,000 each on both the principal and interest, as of April 12, 2001, July 12, 2001, and October 12, 2001. No payments have been made to date.

As of February 28, 2002 the Company still owns 600,000 shares of the common stock of Prologic Management Systems, Inc. Their stock trades as "over the counter - big board" under the symbol PRLO. On February 28, 2002 PRLO closed trading at \$0.15 per share. The investment in PRLO was written down to zero in a previous year, and consequently the amount is not included on the balance sheet.

6. Going Concern

The accompanying financial statements have been prepared on a going concern basis. The Company has limited operating history and will need to raise additional capital to fund its planned operations. It has current assets of \$83,231 and current liabilities totaling \$117,478 resulting in a current ratio of 0.71 as of February 28, 2002. The Company intends to reduce operating expenditures to a minimal amount and to investigate the potential acquisition of or combination with an operating entity for which the

Company's status as a reporting company under the 1934 Exchange Act is deemed valuable. No such agreements are currently in place.

7. Distribution Agreement

On February 27, 2002 the Company signed a distribution agreement with 1357784 Ontario Ltd. ("EPI"). EPI has a distribution agreement with Romlight International Inc. with offices at Stevmar House, Rockley, Christ Church Barbados, West Indies. Under this agreement Sunburst Acquisitions IV, Inc. will be the sole sub-distributor for the length of the contract.

The distribution agreement between Romlight and "EPI" was signed October 5, 2000. The initial purchase for the first year was 20,000 units of a Romlight ballast. Romlight has not been able to supply the ballast, and therefore the contract is to be considered to take effect in 2002 when Romlight can produce and deliver the ballast.

The initial price for the 1000-watt ballast is \$150.00 per unit. The initial order is for 25,000 units for the balance of the year 2002, which will meet the obligation of minimal sales.

A good faith deposit of \$50,000 Canadian Dollars will be wired on signing which will be part of the purchase price of the first 1000 units.

8. Sale of Discontinued Operations

On September 28, 2001, the Company completed the sale of its wholly owned subsidiary Hollywoodbroadcasting.com for \$1,000 in cash.

Operating results of Hollywoodbroadcasting.com for the year ended February 28, 2002 are shown separately in the accompanying income statement as loss from discontinued operation.

Assets and liabilities of Hollywoodbroadcasting.com sold consisted of the following:

Cash	\$2,510
Accounts receivable	367
Inventories	57,705
Capitalized project costs	481,519
Property, plant, and equipment	<u>156,253</u>
Total assets	<u>698,354</u>
Accounts payable	118,893

Accrued expenses	134,364
Notes payable to stockholders	548,191
Due to related party	<u>741,056</u>
Total liabilities	<u>1,542,504</u>
Net liabilities disposed of	<u>\$844,150</u>

9. Subsequent Events

Stock Compensation Programs

On March 14, 2002, the Company's Board of Directors approved a Stock Compensation Program and a Incentive Stock Option Plan (the "Plans"). The maximum number of shares that may be purchased pursuant to the Plans is 6,000,000. Options granted under the Plans include incentive and nonqualified stock options, as well as actual shares of common stock, with vesting determined on the grant date, not to exceed ten years, and are exercisable over a ten-year maximum period at a price to approximate the fair market value of the common stock at the date of grant. As of the date of this report no shares of stock or options have been issued in connection with either of these plans.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

The Company has had no change in, or disagreements with, its principal independent accountant since the date of inception.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

The directors and executive officers currently serving the Company are as follows:

Name	Age	Tenure
Terry Fields	58	President and Secretary since May 2001; Director since January 2001
Kelly Zastowny	37	Director since March 2002

The directors named above will serve until the next annual meeting of the Company's stockholders. Thereafter, directors will be elected for one-year terms at the annual stockholders' meeting. Officers will hold their positions at the pleasure of the board of directors, absent any

employment agreement, of which none currently exists or is contemplated. There is no arrangement, plan or understanding between any of the directors or officers of the Company and any other person pursuant to which any director or officer was or is to be selected as a director or officer, and there is no arrangement, plan or understanding as to whether non-management shareholders will exercise their voting rights to continue to elect the current directors to the Company's board. There are also no arrangements, agreements or understandings between non-management shareholders and management under which non-management shareholders may directly or indirectly participate in or influence the management of the Company's affairs.

Biographical Information of Directors and Executive Officers follows:

Terry Fields.

Mr. Fields is a self-employed Attorney-at-Law in the state of California. Mr. Fields was called to the bar on June 15, 1969, and he has been a director of a number of public companies.

Kelly Zastowny.

Since 1985 Mr. Zastowny has been involved in the hydroponics industry. His company, Western Water Farms ("WWF") is a major retailer and wholesaler of hydroponic equipment throughout North America, Europe and Australia. WWF produces unique liquid organic fertilizers, plastic molds, and other parts for the hydroponic industry.

Compliance with Section 16(a) of the Exchange Act

The Company's officers, directors and principal shareholders have each filed, or will file, an Annual of Changes in Beneficial Ownership of Securities on Form 5.

ITEM 10. EXECUTIVE COMPENSATION.

No officer or director received any remuneration from the Company during the fiscal year. Until the Company acquires additional capital, it is not intended that any officer or director will receive compensation from the Company other than reimbursement for out-of-pocket expenses incurred on behalf of the Company. See "Certain Relationships and Related Transactions." The Company has no stock option, retirement, pension, or profit-sharing programs for the benefit of directors, officers or other employees, but the Board of Directors may recommend adoption of one or more such programs in the future.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth, as of February 28, 2002, the stock ownership of each executive officer and director of Sunburst Acquisitions, Inc., of all executive officers and directors as a group, and

of each person known by Sunburst Acquisitions, Inc. to be a beneficial owner of 5% or more of its Common Stock. Except as otherwise noted, each person listed below is the sole beneficial owner of the shares and has sole investment and voting power as such shares. No person listed below has any options, warrants or other rights to acquire additional securities of Sunburst Acquisitions, Inc., except as may be otherwise noted.

Name and Address	Number of Shares Owned Beneficially	% of Class Owned
Charles Malette 1550 35 th Avenue West Vancouver, B.C. Canada, V6M1H2	16,500,000	51.38%
Terry Fields ⁽¹⁾ No. 3 Poipu Drive Honolulu, HI 96825	0	0
Kelly Zastowny ⁽¹⁾ 103 - 20120 64th Avenue Langley, BC V2Y 1M8	0	0
All directors and executive officers (2 persons)	0	0

⁽¹⁾ The person listed is an officer, a director, or both, of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Indemnification of Officers and Directors

As permitted by Colorado law, the Company's Articles of Incorporation provide that the Company will indemnify its directors and officers against expenses and liabilities they incur to defend, settle, or satisfy any civil or criminal action brought against them on account of their being or having been Company directors or officers unless, in any such action, they are adjudged to have acted with gross negligence or willful misconduct. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in that Act and is, therefore, unenforceable.

Exclusion of Liability

Pursuant to the Colorado Corporation Code, the Company's Articles of Incorporation exclude

personal liability for its directors for monetary damages based upon any violation of their fiduciary duties as directors, except as to liability for any breach of the duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, acts in violation of Section 7-5-114 of the Colorado Corporation Code, or any transaction from which a director receives an improper personal benefit. This exclusion of liability does not limit any right which a director may have to be indemnified and does not affect any director's liability under federal or applicable state securities laws.

Conflicts of Interest

None of the officers of the Company will devote more than a portion of their time to the affairs of the Company. There will be occasions when the time requirements of the Company's business conflict with the demands of the officers' other business and investment activities. Such conflicts may require that the Company attempt to employ additional personnel. There is no assurance that the services of such persons will be available or that they can be obtained upon terms favorable to the Company.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The Exhibits listed below are filed as part of this Annual Report.

Exhibit No.	Document
3.1	Articles of Incorporation (incorporated by reference from Registration Statement on Form 10-SB/A filed with the Securities and Exchange Commission on December 29, 1997).
3.2	Bylaws (incorporated by reference from Registration Statement on Form 10-SB/A filed with the Securities and Exchange Commission on December 29, 1997).
4.1	Specimen Common Stock Certificate (incorporated by reference from Registration Statement on Form 10-SB/A filed with the Securities and Exchange Commission on December 29, 1997).
10.1	Distribution Agreement between EPI and Sunburst Acquisitions IV, Inc.
(b)	No reports on Form 8-K were filed by the Company during the last quarter of its fiscal year ending February 28, 2002.

SIGNATURES

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SUNBURST ACQUISITIONS IV, INC.

By: /S/ TERRY FIELDS
Terry Fields, President and Director

By: /S/ KELLY ZASTOWNY
Kelly Zastowny, Director

Date: May 20, 2002

Exhibit 10.1

Distribution Agreement

This Agreement is between:

1357784 Ontario, Ltd. ("EPI") and Sunburst Acquisitions IV, Inc.

Whereas EPI has a distribution agreement with Romlight International, Inc. with offices at Stevmar House, Rockley, Christ Church Barbados, West Indies.

Whereas under the distribution agreement EPI has the right to appoint a Sub-Distributor and EPI has received written approval from the manufacturer to appoint Sunburst Acquisitions IV, Inc., a Colorado company, as the sole sub-distributor for the length of the contract.

The conditions of the distribution agreement apply to the sub-distributor and to the manufacturer in its entirety.

The distribution agreement between Romlight and EPI was signed October 5, 2000. The initial purchase for the first year was 20,000 units of a Romlight ballast. Romlight has not been able to supply the ballast, and therefore the contract is to be considered to take effect in 2002 when Romlight can produce and deliver the ballast. (See Schedule C and paragraph 3.6 minimal sales).

The initial price for the 1000-watt ballast is \$150.00 per unit. The initial order is for 25,000 units for the balance of the year 2002, which will meet the obligation of minimal sales.

A good faith deposit of \$50,000 CAD will be wired on signing which will be part of the purchase price of the first 1000 units.

EPI will not appoint any other Sub-Distributor as long as Sunburst Acquisitions IV, Inc. fulfills the obligations of the contract. The agreement can be cancelled by mutual agreement.

EPI

Sunburst Acquisitions IV, Inc.